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THE EXTENSION PROGRAM IN AGRICULTURAL ECONOMICS. 585

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The New Situation

All individuals, all organizations, and all programs have undergone drastic changes since 1920. The speed and intensity of these changes have been accelerated since 1929. Extension workers, extension organizations, and extension programs are no exception. Extension work has changed and is in the process of rapid change. Adjustment to the new conditions has been necessary on the part of everyone who has been in active work. Briefly, what conditions have forced and are forcing these changes?

The whole life of the Nation had become adjusted to a generally rising price level from 1896 to 1920. Since 1920 the great changes in prices have been sharply downward. During the first period increased production was generally associated with increased income. During the latter period increased production has often been associated with serious losses. During the former period debts were easily contracted and repaid. During the latter period debts have been virtually impossible of repayment. During the former period large investments and fixed costs were carried with comparative ease. During the latter period high fixed costs have usually meant bankruptcy. The effects of these changes on agriculture and all related to agriculture are only now becoming apparent.

Falling prices accentuated a change which had been in progress for years, but the effects of which had not been apparent during the period of rising prices. Agriculture had been constantly changing from a self-sufficient to a commercialized business. Under the former conditions the primary question

was "how to produce?." Under the latter conditions sufficient money income has become the absolute necessity. As commercialization became more intense, the number of factors affecting money income greatly increased. Under the early conditions there were few expenditures and credit was of minor interest to the farmer. Now, with large expenditures for labor, feed, seed, fertilizer, equipment (including automobiles), and public services, the proper use of credit may mean the difference between ownership and bankruptcy. As more and more of the products of the farm have been exchanged for money, questions such as what to produce, how much to produce, and how to properly combine the various farm enterprises, have become fully as important as "how to produce." More farmers fail because the size of the business and the kind of farming do not keep the men, horses, and machinery properly employed, than fail because of poor crops.

Both of these foregoing forces have accentuated a third condition. In a self-sufficient agriculture marketing was of little importance. With a rising price level marketing costs were minimized. A highly commercialized agriculture caught in the grip of falling prices has found marketing costs a major issue. Marketing costs have not fallen like commodity prices. The facts show that during the periods of rapidly falling prices an increasing percentage of the consumer's dollar was absorbed in marketing charges, while a decreasing percentage finally reached the farmer. The facts further show that while efficiency in production has steadily advanced, there has been no such increase in the efficiency of distribution. An increasing proportion of our population is occupied with the distribution of products which a comparatively small number actually produce. Marketing has become of dominant importance in future thinking.

Other economic changes have contributed to the farmers' present need of adjustment, such as increasing tariffs, decreasing foreign outlets and changes

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in international debtor creditor status. All of this means that not only are the ever-present problems of how to produce equally as important as ever but numerous other problems affecting income have been added to them.

It was not until the emergency situation created by the collapse of prices in 1929 and the National program for recovery that a wide-spread awakening as to the effect of the problems of a commercialized agriculture upon income developed.

### The New Objectives

These briefly indicated conditions have not changed the ultimate goal of American agriculture and of the Extension Service, namely, a more abundant and satisfying rural life. They have, however, changed the means of attaining this broad objective. Prior to 1920 agricultural education generally, including college teaching, experiment station and extension work, was concerned primarily, as was the general attitude of the public, with how to increase production and how to improve production practices of the individual enterprise. This was the result of a general upward trend in prices and an expanding market for agricultural products.

Today the attainment of a more abundant and satisfying rural life largely rests upon a sufficient money income to command the goods and services required for present-day standards of living. It seems certain that agriculture will have an increasing number of questions which it will place before the educational agencies which serve it. These questions will of necessity be dominated by the problem which dominates the farmer in his struggle for economic security, namely, a sufficient income to keep his living standards above those of a peasant class. Higher net income is not always brought about by increased or more efficient production, as is the common belief. Greater net income also results from solving such economic



problems as refinancing loans at lower interest rate, determining where losses occur in the farm business, and eliminating those losses, wherever possible reorganizing production methods in order to market the products during periods when the prices received will net greatest returns and changing methods of marketing the products so as to result in more money to the farmer. There is an increasing need for a better understanding and coordination of such economic factors and forces that influence the individual farm business in order to appreciably increase the net farm income. Thus, a sufficient farm income must be the key thought in extension programs which meet the new conditions faced by American agriculture and which, therefore, best serve the needs of American farmers.

#### Coordinating Extension Work To Increase the Income from the Farm

##### Business as a Whole

The farmer must plan and make decisions for his farm as a whole. It is the intelligent use of all the factors which he has at his command that tends to make a favorable money income. The extension program which most accurately aids him in making current decisions serves him best. A coordination of the resources of the Extension Service upon the basis of improved farm income will do much to meet the needs of farmers working under present-day conditions. This was vividly illustrated at a recent meeting where a considerable number of extension specialists were seriously considering their future work.

The situation of a farmer whose farm was typical of many in the northeast, since part of the land was rough and primarily adapted only for pasturage and woodlots, was taken as an illustration. The specialists were asked to state what they had to offer this farmer. Out of this grew the following list of subjects, which has been somewhat supplemented but which



is not considered complete:

1. Animal Husbandry

- a. Records of production
- b. Breeding practices
- c. Feeding practices
- d. Herd management
  - (1) Replacements
- e. Disease control

2. Dairy Husbandry

- a. Quality milk production

3. Agricultural Engineering

- a. Buildings
  - (1) Milk house
  - (2) Bull pens
  - (3) Farm layout
- b. Equipment
  - (1) Ventilation
  - (2) Stanchions, water cups, etc.
  - (3) Machinery

4. Forage Crops

- a. Legume growing
- b. Grass hay crops
- c. Emergency crops when needed
- d. Silage production
- e. Pasture improvement

5. Soil Fertility

- a. Lime
- b. Fertilizer
- c. Handling farm manures
- d. Weed control

6. Plant Breeding

- a. Quality seed
  - (1) Silage corn
  - (2) Hay crops
  - (3) Possible cash crops

7. Agricultural Economics

- a. Farm management
  - (1) Inventory campaigns
  - (2) Outlook campaigns
  - (3) Farm accounts
  - (4) Community surveys
  - (5) Farm layout
  - (6) Profitable farm organization

b. Marketing

- (1) Methods of marketing
- (2) Organizations serving the farmer (milk marketing plans)
- (3) Costs of marketing
- (4) Grading
- (5) Marketing facilities
  - (a) Regional markets
  - (b) Milk plants
  - (c) Transportation
  - (d) Credit
  - (e) Taxation - local government

8. Forestry

- a. Fencing
- b. Woodlot management

It was agreed that the farmer had an interest in all these subjects and that a knowledge of them should be beneficial to him.

The Extension Service has something to offer on each of these subjects. Like all farmers, however, this man needs more help along some lines than others. The important point in aiding this farmer is that the sum total of all suggestions and recommendations given will result in his being able to better combine all enterprises and all projects to obtain the greatest net income from his farm operations as a whole.

The need for coordination of recommendations was abundantly clear when some of the specific problems which this farmer might raise were considered. If he should ask for help in choosing the best breed of dairy cow, a correct decision on an income basis would require many facts from the farm itself and also a knowledge of the market. If the market is for fluid milk, then no income decision can be made without a knowledge of the butterfat base and the butterfat differentials. The specialist who does not coordinate this local information cannot help the farmer make an accurate decision on an income basis.

Correct income decisions as to whether the farmer should use fertilizer on his pastures or grow alfalfa, depends not alone upon the fact that fertilizer is "good for pastures" and alfalfa hay "makes milk", but upon the actual dollars and cents result from these practices by local farmers on the same soil types.

Valuable assistance to the farmer in regard to raising or purchasing his dairy herd replacements requires not only a knowledge of breeding but a knowledge of what the trend in the county has been in the matter of obtaining replacements and the reasons for the trend.

A correct income decision as to whether or not this farm should add additional enterprises does not depend upon whether or not greater diversity has been accomplished. It does depend upon the effect such a change will have upon the costs and income of other enterprises and, finally, on the total net farm income. A concentration upon assisting farmers to obtain a better income will mean a new emphasis upon coordinating the many values which the Extension Service can offer.

#### The Need for More Adequate Economic Extension Work

The evaluation of extension work on the basis of future farm income and the coordination to best obtain this objective point to a continuation of building the desired adjustments as close to the problem as possible. The county, or some relatively small area, where actual farm contacts are an everyday occurrence seems to be the strategic point. Moreover, it would seem essential that men who have been trained in economics, who are meeting farmers, and who can coordinate the technical knowledge which is brought to the farmer so as to secure a greater farm income, appear to be the best means of reaching the objective. In some counties an assistant agent with this training, held strictly accountable for this coordination, may be the desired

means. In other counties the present agent with some special training in economics and coordination may be the means. In other instances, possibly where a region is made up of farms of a similar type, a special agent covering several counties could perform the desired function.

#### Some Economic Problems Affecting Farm Income Requiring a Teaching Program

The specific program of work in agricultural economics must be based upon local conditions. Any program developed in a distant office, based upon assumed conditions, fails to recognize the need of beginning with the actual farm problems. Thus, only a brief outline is presented for the purpose of emphasizing some of the major problems to be taken into consideration in building the specific local programs.

#### 1. Production Trends and Adjustments

##### a. National, State, County

- (1) Shifts in production to areas of low costs
- (2) Shifts in production to meet changes in demand
- (3) Increase in submarginal areas

##### b. Planning a regional or county program of agricultural adjustments

##### c. National programs translated into local terms

#### 2. Farm Management

##### a. Farm records

##### b. Why do some farms pay better than others

##### c. Selection and coordination of most profitable enterprises

##### d. Efficient methods of production

##### e. Income from farm business as a whole

##### f. Tenancy and leasing practices

#### 3. Outlook

##### a. Supply-demand and price outlook for principal products of States

- b. Adjustments on individual farms to meet (1) changes in legislation and (2) public policies such as changes in tariffs, international agreements and land utilization
- c. Correlation of local with national price trends

4. Marketing

- a. Economic forces underlying marketing problems
- b. Facilities for direct marketing
- c. Facilities for outbound shipments
- d. Services, costs, grades and standards
- e. Local farmers' marketing organizations
  - (1) Functions
  - (2) Services
  - (3) Costs
- f. Effect of changes in the retail distribution system
- g. Changes in market demand and in buying position of consumer
- h. Effects of changes in methods of transportation
- i. Losses sustained in marketing process

5. Purchasing

- a. Services needed in handling farm and home supplies
- b. Types of agencies best suited to perform services
- c. Cooperative efforts as an aid to efficient purchasing
- d. Financing of purchases

6. Farm Credit

- a. Forces underlying the need for credit
- b. Businesslike use
- c. Agencies
- d. Cost
- e. Long-time, short-term and marketing credit

7. Public Problems and Planning

- a. National policies affecting farm profits
- b. Increases in use of public agencies
- c. Increased support of public agencies by taxation
- d. Place of agriculture in national economy
- e. Use and classification of land

8. Coordination of Extension Program

- a. Production practices with economic factors and forces
- b. Extension activities from income point of view
- c. Background data with current economic information

SUMMARY

1. Economic changes have made farming more complex and business management factors more important in present day farming. Changes in economic conditions, such as price changes, changes in demand, changes in marketing costs, changes in tariffs and other national and international policies may be expected to create a continued increase in the demand for economic information that will permit the careful planning of the whole farm business by farmers on the basis of increased farm income.

2. The attainment of a satisfying rural life rests upon a sufficient net income to command the goods and services required in present day standards of living. Accordingly a sufficient net income is the objective of a county agricultural economic extension program.

3. The county is the focal point of any agricultural extension program. A county teaching program in agricultural economics, involving the practical application of economic information to problems

arising on individual farms, as well as a coordination of extension work so that each enterprise is seen in relation to the others which constitute the total farm business, will assist in making farm income decisions.

4. To meet the increased demand by farmers for economic information, county agents will require more assistance in prices, marketing, farm management, credit and taxation, in the development of their economic program and the preparation and interpretation of economic information in its application to local farm problems affecting income. Therefore, assistant county agents or special district agents trained with an economic point of view will be needed in many States.







